

## Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-07 L-03 SP-02 AID-05 NSC-05 CIEP-01

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( ISO ) R

DRAFTED BY ARA:NC:TWSONANDRES

APPROVED BY ARA:EP - MR. KING

EB/GCP - MR. GLITMAN (INFO)

ARA - DR. FISHLOW (INFO)

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R 181446Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

AMEMBASSY QUITO

C O N F I D E N T I A L STATE 142613

E.O. 11652: GDS

TAGS: ETRD, VE, EC

SUBJECT: ECUADOREAN AND VENEZUELAN AMBASSADORS INQUIRE  
ABOUT PROSPECTS OF MODIFICATIONS TO TRADE ACT

1. ECUADOREAN AMBASSADOR JOSE CARDENAS AND VENEZUELAN  
AMBASSADOR MIGUEL ANGEL BURELLI RIVAS CALLED ON ARA  
ASSISTANT SECRETARY ROGERS ON JUNE 13 TO DISCUSS TRADE ACT  
MODIFICATIONS. ALSO ATTENDING MEETING WERE ARA DEPUTY  
ASSISTANT SECRETARY FISHLOW, DIRECTOR OF THE EB OFFICE OF  
INTERNATIONAL TRADE, GLITMAN, DIRECTOR OF THE OFFICE OF  
ECUADOREAN-PERUVIAN AFFAIRS KING, AND VENEZUELAN DESK  
OFFICER SONANDRES.

2. AMBASSADOR CARDENAS EXPLAINED THAT THEY HAD ASKED TO  
SEE THE ARA ASSISTANT SECRETARY TO OBTAIN A PERSONAL  
REPORT ON THE CURRENT STATUS AND FUTURE PROSPECTS OF CHANGES  
TO THE TRADE ACT AND TO LEARN QUOTE WHERE WE GO FROM HERE  
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UNQUOTE.

3. THE ASSISTANT SECRETARY RESPONDED THAT THE FORD ADMINISTRATION REMAINS DEDICATED TO HAVING A MODIFICATION PASS THE CONGRESS. AS MR. ROGERS SAID TO THE ECUADOREAN AND VENEZUELAN PRESIDENTS EARLIER THIS YEAR, WE WANT A MODIFICATION OUT BEFORE THE GSP GOES INTO EFFECT, THE

TARGET DATE WHICH IS NOW NOVEMBER 1. MR. ROGERS NOTED THAT OUR APPROACH TO THE CONGRESS HAS BEEN THAT THE GSP ROUTE IS NOT THE WAY TO HANDLE ENERGY PROBLEMS. HE STATED THAT THE KEY QUESTION NOW WAS WHETHER OR NOT CONGRESSMAN GREEN'S HOUSE SUBCOMMITTEE ON TRADE, WHICH RECENTLY INITIATED HEARINGS ON THE GREEN AMENDMENT MODIFYING LEGISLATION, WOULD REPORT A BILL OUT TO ITS PARENT WAYS AND MEANS COMMITTEE. THE ASSISTANT SECRETARY SAID THAT HE PLANNED TO DISCUSS THE MATTER WITH SUBCOMMITTEE MEMBERS NEXT WEEK (I.E., WEEK OF JUNE 16).

4. DEPARTMENT OFFICIALS INFORMED THE AMBASSADORS OF SUBCOMMITTEE MEMBERS' OBJECTIONS -- GRANTING GSP TO COUNTRIES WHICH HAVE QUADRUPLED OIL PRICES, SEIZED OUR FISHING BOATS AS IN THE CASE OF ECUADOR, AND HAVE HIGH PER CAPITA INCOMES SUCH AS VENEZUELA. IN ADDITION, THE AMBASSADORS WERE TOLD THAT THE INITIATION OF HEARINGS WAS ADVERSELY AFFECTED BY THE LIBREVILLE OPEC ANNOUNCEMENT OF AN AUTUMN PRICE INCREASE, AND BY THE HOUSE WAYS AND MEANS PROTRACTED HEARINGS ON ENERGY WHICH WENT ON UNTIL 4 A.M. ON THE FIRST DAY OF THE TRADE SUBCOMMITTEE SESSIONS.

5. THE ECUADOREAN AMBASSADOR NOTED THAT HE HAD REVIEWED ECUADOR'S POSITION ON THE ACT AT LENGTH WITH SENATOR LONG, CONGRESSMEN ARCHER AND GREEN AND OTHERS. AMBASSADOR CARDENAS POINTED OUT THAT ECUADOR HAD LOWERED ITS IMPORT DUTIES AND, BECAUSE OF HIS COUNTRY'S INDUSTRIALIZATION PROGRAM, HAD SHARPLY INCREASED US IMPORTS; THAT THE INTENT OF THE ACT WAS TO PROMOTE DEVELOPMENT; THAT ECUADOR WAS BEGINNING TO SUFFER SALES DECLINES IN THE US FOR WHICH HE BLAMED THE ACT; AND THAT ECUADOR DURING WWII HAD SACRIFICED MILLIONS OF DOLLARS BY ACCEPTING COMMODITY

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PRICE CEILINGS BECAUSE OF THE WAR EFFORT. THE AMBASSADOR ADVOCATED A NEW US ADMINISTRATION CONGRESSIONAL INITIATIVE.

7. DEPARTMENT OFFICIALS SAID THAT ECUADOR'S POSITION HAD BEEN LARGELY PRESENTED TO THE SUBCOMMITTEE, AND THAT THE CURRENT CONGRESSIONAL CLIMATE WOULD MAKE PASSAGE OF THE GREEN AMENDMENT DIFFICULT. IT WAS NOTED, IN PASSING, THAT THE US RECESSION WAS CAUSING A GENERAL DECLINE IN

SALES. HOWEVER, THE AMBASSADORS WERE TOLD THAT THE  
ADMINISTRATION HAS HAD AND WOULD CONTINUE TO HAVE  
INTENSIFIED CONSULTATIONS WITH SUBCOMMITTEE MEMBERS. ALL  
AGREED TO STAY IN TOUCH.

8. COMMENT: GOV AND GOE COMBINED APPROACH WAS LOW KEY  
AND CONSTRUCTIVE. THE RESTRAINT SHOWN LATELY BY THE TWO

COUNTRIES HAS BEEN HELPFUL IN THE VIABILITY OF THE GREEN  
AMENDMENT, BUT THEIR PATIENCE WILL NOT BE INDEFINITE. KISSINGER

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